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CHAPTER 2

BASIC REVIEW PROCESS

- 200 GENERAL. This chapter outlines procedures for conducting reviews of active cases. It also provides information on certification systems, household reporting requirements and the focus of QC reviews.
- 210 REVIEW STEPS. The following are general steps to be followed in reviews of all active cases.
- 211 Determine the Correct Systems. (Refer to section 220.) The reviewer must examine State procedures and the certification record to determine for the sample month whether the household should have been:
- A Subject to prospective or retrospective eligibility;
 - B Subject to prospective or retrospective budgeting; and
 - C Subject to the change reporting requirements or the monthly reporting requirements. (Refer to section 223.)
- 212 Review the Certification Record. (Refer to Chapter 3.) The reviewer must review the certification record to determine what action was taken on the case by the agency.
- 213 Conduct a Field Review. (Refer to Chapters 4 and 5.) During the field review, the reviewer must interview the household or, when appropriate, the authorized representative and obtain verification from collateral contacts. *
- 214 Determine Which Variances to Include. (Refer to Chapters 6-11.) If a difference exists between the information used by the agency and the verified information obtained by the reviewer for eligibility or allotment purposes, the reviewer must determine if the variance is included or excluded for QC purposes.
- 214.1 If the authorized allotment varies by \$25 or less from the QC corrected allotment(s), all variance(s) must be *

(214.1)

* excluded from the error determination. There are two \$25 comparisons. (See Chapter 6.)

214.2

* Variances resulting from the use of incorrect
* information at the time of certification or
recertification must be included. However, in no
event will a variance be included if there is no
difference between the information used by the
eligibility worker (EW) and that verified in
accordance with the time frames specified in
Chapter 7. This applies to all elements. It
applies to each income source and to total income.

Some variances, due to reporting requirements or
processing time considerations, are excluded.
* Variances that result from a change in
circumstances that should have been effective AORD
must be included. (See Chapter 7.)

215

Determine the Correct Amount of Benefits. The
reviewer must use the verified information to
determine if the household was eligible and to
calculate the correct benefit level for the sample
month. (See Chapters 6 and 7.)

216

Determine the Cause of Errors. If the case was
ineligible or received an overissuance or
underissuance of benefits, the reviewer must
identify the variance(s) that caused such error
and determine if it was caused by the household or
the State agency.

217

Report. The reviewer must prepare and submit the
necessary reports. (See section 180.)

220

CERTIFICATION AND REPORTING SYSTEMS. The reviewer
must determine which eligibility, budgeting and
reporting systems should have been used for each
household based on the State agency's selection of
regulatory options and individual household
circumstances.

221

Eligibility. Each household's eligibility for
participation in the Food Stamp Program is based
upon its financial and certain nonfinancial
circumstances for each month of participation.
There are two ways of looking at a household's
circumstances:

(420)

reviewer should review documentary evidence and obtain names, telephone numbers and addresses for collateral contacts.

In some instances when the interview cannot be completed, e.g., all members who could be interviewed have died, the case is not subject to review as provided in section 336.

421

Arranging Household Interview. The reviewer must notify the household prior to the interview that it has been selected as part of an ongoing review process for QC and that a face-to-face interview will be held in the future. The reviewer must make arrangements for the interview and may inform the household of the type of information that the household will need to have available for it.

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422

Individuals Who Can Be Interviewed. The reviewer must interview either the head of the household, that person's spouse when a member of the household, another knowledgeable member (who can identify the applicant, prove the household exists, know circumstances that affect eligibility and allotment, and provide documents along with the names, telephone numbers and addresses of collateral contacts) of the food stamp household under review, or the authorized representative designated by the household to make application for the program on behalf of the household. An authorized representative may not be interviewed if all household members who could be interviewed have died or moved out of state. (See sections 336 and 337.)

423

Location of Interview. The State agency determines the location of the face-to-face interview in most cases. For most reviews, the interview may take place at:

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- The household's home,
- The appropriate certification office, or
- Another location that is mutually agreeable to both the reviewer and the household.

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*

An office interview must be waived if requested by any household that:

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- Is unable to appoint an authorized representative (see section 422) and has no household member able to come to the office because they are elderly or disabled, or
- Is unable to appoint an authorized representative and lives in a location not served by a certification office.

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The reviewer should not choose the certification office when that will inconvenience a household with:

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*

- Inadequate public transportation
- No car
- Problems with child care

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*
*

(423)

- * - Conflicting work hours
- * - Conflicting school hours.

* FNS encourages reviewers to interview households in their homes.
 * A home visit can be important in determining whether the household
 * lived at the address given. A home visit also enables the
 * reviewer to make visual observations of pertinent living
 * circumstances. Reviews should not take place in the home when:

- * - There is a threat to the reviewer's physical safety if the
- * household lives in a high crime area
- * - No one is at home during the day because of employment.

* When the interview is to be held at locations outside the home,
 * the household needs to be advised in advance what documentation it
 * needs to bring to the interview.

Interviews cannot be conducted over the telephone except in Alaska under circumstances discussed in section 411.

424 Conducting the Interview. The following are procedures for conducting the interview with the household. See Exhibit D for guidelines on interviewing techniques.

424.1 Opening the Interview. The reviewer must show proper identification and explain the purpose of the interview. Telephone calls and letters arranging the interview may have included such an explanation, and reference to them may be useful.

424.2 Dealing With Household Fears During the Interview. The reviewer may want to tell the household that it and others were selected at random from a list of all households which received food stamps in the particular month. The reviewer might also say that the purpose of doing this is to find out if households in general are participating correctly. The reviewer should assure the household that all the information obtained from it and others will be safeguarded, that is, that the Food Stamp Program allows only certain authorized persons to review information about food stamp households.

424.3 Observation During the Interview. Observation should be made of such things as vehicles and evidence about household composition. For example, no toys or other evidence of young children when the household has stated there are some in the household and/or when the case record includes the existence of children in the household could warrant further inquiry.

424.4 Establishing Household Composition. Household composition should be established early in the interview process because many of the questions to be asked depend on who is in the household. A typical sequence would be to establish residency and then household composition.

424.5 Reviewer Inquiries. The reviewer is required to ask the household about each element as it applies to each household member. For example, in a two-person household of Mr. and Mrs. Jones with neither person exempt from work registration, the reviewer might ask, "Mr. Jones, did you work for anyone or were you self-employed during the month of June 1998?" That question would be repeated for Mrs. Jones: "Did Mrs. Jones work for anyone or was she self-employed during the month of June 1998 ?" Follow-up questions may be required. If the reviewer obtains conflicting information about the household's circumstances, the reviewer must resolve any inconsistencies by recontacting the household. The source(s) of the conflicting information may be the client, a collateral contact, or both. If the reviewer determines that the new information is correct, the reviewer must document why the first statement was incorrect or incomplete. For example, if the household reported that it was paying \$200 in rent and the landlord stated that the household was actually paying \$400 in rent, the reviewer must ask the household to explain the inconsistency. The reviewer must document the correctness of the statement used. *

424.6 Recording Household Statements. The reviewer must record the household's statements in column 3 of the FCS-380 worksheet.

For example, "Mr. Smith stated he worked for Charley's Choice Computers, 123 Main Street, 836-1234, during June 1998 and earned \$175 a week gross. He received 4 pay checks in June. No one in the household received any other earned income in June 1998. He said no one was self-employed during June 1998.

424.7 Verification. The reviewer must verify household information during the field review if the verification was not adequately documented in the case file.

A Reviewing Documentary Evidence. The reviewer must review appropriate documentary evidence which the household has available.

B Obtaining Collateral Contacts. The household is the best source of names, addresses and telephone numbers of persons or sources which can verify household circumstances. Therefore, the reviewer must ask the household for this information. If the household refuses to provide such collateral contacts, one of the following procedures must be followed depending on State requirements:

- 1 The reviewer should try to find collateral contacts by other means. In addition, the reviewer is free to gather information from collateral contacts other than ones obtained from the household; or

(424.7)

- 2 Households must sign a State release of information form to allow QC reviewers to contact third parties to obtain information pertinent to the household's food stamp case. If the household refuses, the reviewer must explain to the household that this refusal may result in the household no longer receiving food stamps. As discussed in section 442.2, such cases may be completed if possible.

430 COLLATERAL CONTACTS. Collateral contacts are needed when verification is not present in the case record or from the household. Most of the time the information which should be sought from a collateral contact will be evident. For example, information about rent would generally be obtained from landlords. Reviewers should also keep in mind that one collateral contact can sometimes verify several elements. Landlords can sometimes also verify household composition. Reviewers should plan collateral contacts to make maximum use of third party information. To minimize demands on the time of collateral contacts and help make the review efficient, reviewers should try to obtain all the information they need from a particular collateral contact at one time.

431 Obtaining Information From Collateral Contacts. When contacting collateral information sources, reviewers must identify themselves, describe their purpose, and state what information they need. It does not mean that the agency suspects that there is something wrong with the household's food stamp case. Discussions with collateral contacts must focus on information pertinent to the review yet may include factors other than those the reviewer planned to verify. For example, a landlord who was contacted about rent may mention the presence of a household member which neither the case record nor the household indicated. If so, the reviewer should obtain any relevant information about the person that the landlord may know and recontact the household to resolve any inconsistencies.

432 Collateral Contact Refusal To Cooperate. A third party may refuse to provide the information which is needed to verify an element of eligibility or basis of issuance. The program has no authority to require third party cooperation. If verification cannot be obtained from other known sources, the household should be recontacted to obtain another source. A collateral's refusal to cooperate should not be interpreted as the household's refusal to cooperate.

CHAPTER 6

ERROR DETERMINATION PROCESS

600 PURPOSE. The purpose of the error determination process is to determine whether each active case is eligible, eligible with an overissuance or underissuance, or ineligible for the sample month. The term "error" applies to the allotment. There is an error in the case if the household is ineligible, overissued, or underissued. The inclusion or exclusion of any variance in an element may affect the error determination process; however, a variance is not an error. There are two parts to the error determination process, the eligibility test and the allotment test.

610 THE ELIGIBILITY TEST. The first thing the reviewer has to do is to determine whether the household was eligible to receive the sample month issuance. The reviewer must use* the procedures in Chapters 5 and 7 through 11 to verify the household's circumstances and to determine whether any variances found during the review are to be included or excluded. The procedures to be used depend upon the household's eligibility system, as distinct from its budgeting system, requirements. If the household was ineligible, the error determination process is complete. Column (2) of the computation sheet would be completed using the figures determined in the test if the necessary figures were obtained during the review. If the review was terminated before the household's complete circumstances were established, column (2) is not completed. The allotment amount would be zero as the entire amount authorized for the sample month was in error. The reviewer would enter Code 4 in Item 6 and the amount of the authorized allotment in Item 7 of Form FNS-380-1. If the* household is eligible, the reviewer must continue with the* Allotment Test.

620 THE ALLOTMENT TEST. The allotment test is a two-step process. It consists of two comparisons. The first comparison is a comparison of an allotment computed based on actual, verified circumstances to the authorized allotment. The second comparison is a comparison of an allotment based on the verified circumstances excluding appropriate variances to the authorized allotment. Prior to doing the allotment comparisons, the reviewer must verify the household's actual circumstances appropriate for the* household's budgeting requirements.

- 621 Comparison I. The first comparison is of an allotment computed based on the actual, verified budget month circumstances to the authorized allotment. The reviewer must not determine whether there are any variances for the purposes of this comparison.
- * 621.1 Using actual, verified income and deductions for the budget month, the reviewer must compute an allotment. This figure must include any relevant annualized or prorated amounts, and any applicable standard (i.e., SUA, homeless shelter standard, etc.). As appropriate, income received on a weekly or bi-weekly basis must be converted to a monthly figure.
- * 621.2 Then the reviewer must compare the allotment amount computed in 621.1 to the amount the eligibility worker authorized for the sample month.
- * 621.3 If the difference between these two allotment amounts is \$25 or less, the error determination process is over. There is no error in the allotment amount authorized for the sample month. The reviewer must use the actual verified budget month circumstances for completing column (2) of the computation sheet and must enter Code 1 in Item 6 of the Form FNS-380-1.
- * 621.4 If the difference between these two allotment amounts is greater than \$25, the reviewer must proceed to Comparison II.
- 622 Comparison II. The second comparison is of the authorized allotment and an allotment based on the verified budget month circumstances, excluding any variances in accordance with the requirements in Chapters 7 through 11.
- * 622.1 The reviewer must compute an allotment, using the verified budget month circumstances, excluding any variances as appropriate.
- * 622.2 Then the reviewer must compare the allotment amount computed in 622.1 to the amount the eligibility worker authorized for the sample month.
- * 622.3 If the difference between these two allotments is \$25 or less, the error determination process is complete and there is no error in the allotment. The reviewer must use the figures from 622.1 for column (2) of the computation sheet and enter Code 1 in Item 6 of the Form FNS-380-1.
- * 622.4 If the difference between these two allotments is greater than \$25, the reviewer must proceed to Comparison III.

622.4 If the difference between these two allotment amounts is greater than \$25, there is an error in the allotment amount authorized for the sample month. The reviewer must use the figures from 622.1 or the figures from 621.1, for column (2) of the computation sheet and determine the amount in error. The figures used (622.1 or 621.1) must be whichever figures result in the least quantitative error for the case. The amount in error is the difference between the two allotments. The reviewer must enter Code 2 for "overissuance", or Code 3 for "Underissuance", in Item 6 and the amount in error in Item 7 of Form FNS-380-1.

Examples:

For the case under review, the figures from 621.1 (Comparison I) reflect an allotment error of a \$35 overissuance. The figures from 622.1 (Comparison II) reflect an allotment error of a \$65 overissuance. It is the figures from Comparison I, the \$35 overissuance which must be used in the final error determination of the case.

For the case under review, the figures from 621.1 (Comparison I) reflect an allotment error of a \$140 underissuance. The figures from 622.1 (Comparison II) reflect an allotment error of a \$70 overissuance. It is the figures from Comparison II, the \$70 overissuance, which must be used in the final error determination of the case.

- (842.4 B) that an individual living with it was not a household member.
- C Collateral Contacts Indicate Additional Members. When a collateral contact indicates that there was an individual who was a member of the household to which the household did not admit.
- D Collateral Contacts Indicate a Claimed Household Member Was Not a Member. When a collateral contact states an individual who the household claimed was a household member was not.

Several aspects of this situation need to be noted. First, the statement must be positive. For example, a landlord states he knows for a fact that a certain individual moved out prior to the time when the individual would have been included in the household. The household would need to be recontacted in this type of situation. Second, in some situations, recontacting the household is not necessary. For example, a minister or physician verifies that an individual, whom the household claimed as a member, died prior to the time the individual could have been included as a household member.

842.5 Actions To Resolve Inconsistencies.

- A With Collateral Contact Verification. If, as a result of the reviewer recontacting it, the household acknowledges a member other than ones it had previously acknowledged and/or acknowledges a claimed member was not one, the reviewer proceeds with the review on the basis of that adjusted household composition. If the household contends that its assertion is correct and the reviewer does not have strong evidence to the contrary, then the reviewer must use the household composition based on the information provided by the household.
- B Reviewer Action When Verification Is Unobtainable or Inadequate. When the reviewer cannot obtain verification or it is inadequate, either for the entire household or some of its members, the household's statement must be used for household composition.

843 Residents of Certain Institutions. When AORD a household is found to have been a resident of an institution which makes the household ineligible, verification must be documented under Element 140 - RESIDENCY, and a note of that made under this element.

844 Error Determination. In the majority of cases with a variance in household composition, the variance will be handled by simply adding to or subtracting from the household under review one or more individuals and their circumstances before determining the household's eligibility and benefit level. However, if a variance occurred in one of the situations described in this section, the procedures outlined relative to that situation must be followed.

*

844.1 Household Consolidation/Movement. The procedures in this section apply to situations involving two or more separately certified households, regardless of size, that should have been certified as one household AORD. This may or may not involve movement of the households. One example of this would be individuals who lived together who should have been certified as one household but were erroneously certified as two or more households. These procedures apply whichever household is sampled. They do not apply to duplicate participation situations (see 844.2) or situations involving an individual member of a certified household moving in with another separately certified household (see 844.3).

A Include all households with their income, deductions, resources, etc., in a computation of what the household should have received for the sample month;

B Add up all food stamp issuances received by all individuals who should have been included in the household for the sample month;

C Compare the allotment amount the household should have received to the combined total issued for the sample month; and

*

D If the difference is \$25.00 or less, the allotment issued to the case under review will be reported as correct. If the household was ineligible, the allotment issued to the case under review will be reported as being in error. If the entire

(844.1 D)

household was eligible, but was underissued or overissued by more than \$25.00 the reviewer must:

*

- 1 Calculate the percentage that the allotment issued to the case under review is of the total issued;
- 2 Multiply the amount under or overissued by this percentage, rounding the answer down to the nearest whole dollar figure if necessary;
- 3 If the result is \$25.00 or less, the allotment issued to the case under review will be reported as correct;
- 4 If the result is more than \$25.00, the result will be reported as the amount in error for the case under review; and
- 5 Again, while the total amount of food stamps issued to the household is used to calculate the dollar loss, only the amount issued to the case selected for review will be reflected on the Form FNS-380-1.

*

*

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844.2

Duplicate Participation By All or Some Members of the Same Household. The procedures in this section are used when all members of one certified household are also participating as members of another separately certified household, and may or may not involve movement of the household. These procedures apply if either household is sampled.

When the reviewer verifies that an individual or group of individuals have been included as household members in the case under review, and the individual(s) received an allotment as a separate household for the sample month, the reviewer must determine which case was the first to be correctly certified. If that case is sampled it would be correct for this element.

*

For example, the State agency correctly certified a household with five members (Case A). The State agency later certified two members of household A as another household (Case B). The result is that all members of Case B are duplicate participants. If A is sampled, A is correct for this element. If B is sampled, there is a variance as the members were already included in Case A, and the total allotment issued to household B should be considered an overpayment.

(844.2)

Households on Indian reservations are not eligible to participate in both the Food Distribution and Food Stamp Programs simultaneously.

A household that participated in both programs in the sample month is ineligible for food stamps if it was certified for the Food Distribution Program first.

844.3

Transfer/Movement of Individuals Into, Out of, and Between Food Stamp Households. The procedures in this section pertain to an individual member(s) of one certified household moving/transferring into another certified household, and may or may not involve duplicate participation of the individual member. These procedures apply if either household is sampled. This section does not apply to movement/consolidation of the entire household. (See section 844.1.)

NOTE: If an individual is certified as a one member household, and moves into another certified household, use review procedures at 844.1 or 844.2 as appropriate. When one or more individuals move from one certified household to another certified household, the reviewer must ensure that the individual(s) and any associated income and/or deductions are not used in both households' budget calculations. If the agency policy requires that individuals and their circumstances be included in the gaining household AORD, but fails to include them in the gaining household's budget calculations, a variance exists and the reviewer shall include the individual(s) and their circumstances in the gaining household's budget for the issuance month. Similarly, if the agency fails to remove the individual(s) and their circumstances from a losing household's budget AORD, a variance exists and the reviewer shall remove the individual(s) from the losing household's budget.

It is important to note that a problem in a case related to the case under review through movement of individuals does not necessarily result in a variance in the case under review. For example, if the case under review is a household losing an individual to another participating food stamp household and the transfer should have been made AORD, no variance would exist in the case under review if the individual and his/her circumstances had been removed from this household, even if the individual was never added to the gaining household's budget. Thus, the determination of whether a variance exists in the case

(972)

- A Household resided AORD in government/tribal public housing or Federally subsidized housing such as the Housing Authority/Tribal Housing Authority (THA), Housing and Urban Development (HUD) or Section 8.
- B Household was homeless AORD. For all other households the reviewer will routinely check for property ownership. Checks are made through county records when the reviewer is in possession of information needed to retrieve the property data; for example, the names of all the adult members of the household where there is an alpha index. When the reviewer does not have the information needed to retrieve the property data, the reviewer may have to look elsewhere to obtain the data by which the property information is retrievable. When there is no such source and no reason to believe there is property or only excludable property ownership, the negative allegation will be accepted. The file must be clearly documented to show why no verification was obtained.

980

VEHICLES - 222. For each adult household member the reviewer must verify the household's positive or negative allegation of vehicle ownership via inquiry through the State Department of Motor Vehicles (DMV) or its equivalent. The reviewer must also determine status (with respect to use and license) and the value of all vehicles owned by the household. Information such as purchase price, encumbrances against the vehicle, and the name of the organization financing the purchase would aid the reviewer in determining the effect of motor vehicle ownership on eligibility. The value of some licensed vehicles is excluded as a resource. To establish the value of motor vehicles the reviewer should use whichever reference source is employed by the State agency's eligibility workers in certifying food stamp households. Examples of such sources include the National Automobile Dealers Association (NADA), "blue, red or black books", and a variety of Internet web sites. In addition, car valuations can be verified by other sources (i.e., car dealers) who can provide an approximate valuation based on make, year, number of cylinders, and model of the vehicle.

(980)

- * Whether the recipient alleges ownership of a motor vehicle or not, the reviewer must check via inquiry through the State Department of Motor Vehicles (DMV) or its equivalent the accuracy of the information, and to explore potential ownership of other vehicles not alleged. This
- * check must be completed even if the household provides proof of ownership. In addition, reviewers may have to contact other collateral sources when DMV records differ from the household's statement.

- * When the household alleges ownership of a motor vehicle the reviewer must examine the registration card and record the following information on all licensed vehicles:

- A Registered owner;
- B Make;
- C Model;
- D Style;
- E Year; and
- F Number of cylinders (if listed).

990

OTHER NON-LIQUID RESOURCES - 224. The reviewer must determine ownership, status with respect to inclusion and exclusion, and equity value of nonliquid resources not covered in Elements 221 and 222. Documents which can be used as the basis of verification of such items are things such as sales agreements and tax records as well as items mentioned under sections 970 and 980 above.

CHAPTER 10

INCOME

- 1000 GENERAL. This chapter describes the procedures for verifying household income and for determining variances in income.
- 1010 VERIFICATION AND VARIANCE DETERMINATION PROCEDURES.
- 1011 Verification. Households may receive income from one or more types of sources, e.g., wages or a salary, a public assistance grant, a self-employment enterprise, alimony payments. The income verification procedures are based on the source of the income. Income is verified for the budget or issuance month(s), depending upon the specific eligibility, budgeting, and reporting requirements. (Refer to Chapter 7.) In some instances, income is also verified for other months, e.g., the receipt of a student grant that has to be prorated over a specific period.
- 1012 Variance Determination. The variance determination process depends upon how the income is received, i.e., stable, fluctuating, annualized, or received on some other schedule. In making the variance determination, the reviewer needs to determine how the eligibility worker treated the income, if the worker correctly applied the certification policy(s), if the worker made any computational errors, if the recipient correctly reported income, and if the recipient correctly reported income changes.
- 1013 Terminology. In general, the procedures in this chapter are based upon the following terminology.
- 1013.1 Anticipated Income is counted when its receipt is reasonably certain. "Reasonably certain" is to be decided on a case-by-case basis by the State agency in conjunction with the household. The provisions on change reporting in section 223.2 concerning earliest date are applicable to determining when income can be reasonably anticipated.
- 1013.2 Conversion is changing weekly or biweekly income to a monthly amount by (1) multiplying weekly amounts by 4.3 and biweekly amounts by 2.15, or (2) using the State agency's public assistance standard. When processing monthly reports, State agencies have the option of converting to a regular monthly amount income that is received weekly or biweekly. The State agency must choose one option for all change reporters and one option for all monthly reporters. If the EW was

- * (1013.2)
- * required to convert income, the QC reviewer must convert. The QC reviewer must use the State agency's applicable conversion method. If an EW was not permitted to convert income (i.e., the recipient receives less than a full month's income from the source), the reviewer must not convert. If the State agency did not select an option, the QC reviewer will use actual income.
- 1013.3 Fluctuating income is earned or unearned income that varies monthly in amount and/or by source. Such income may be averaged or unaveraged.
- 1013.4 Stable income is income that is received in a fixed amount from the same source(s) on a regular schedule.
- 1013.5 Prorated income is income that is divided among the household members (including any ineligible household members, if appropriate) or among the individuals for whom it is intended, or income divided by the months for which it is intended to cover, e.g., a student grant.
- 1013.6 Annualized income is self-employment income, e.g., farmers, or contract income which is intended to represent a household's annual income and which is prorated evenly or unevenly over a 12-month period.
- 1020 VERIFICATION REQUIREMENTS - EARNED INCOME.
- * 1020.1 Credit check for verification of earned income. This element will serve as an optional tool for the verification of earned income. A credit check may be used when the reviewer wants to further investigate or establish a financial profile of household members.
- * 1021 Wages and Salaries - 311. This element refers to income earned by a recipient through the receipt of wages, salaries, tips, or commissions. The reviewer must verify whether any household members were employed and the amount and frequency of earnings. (See also section 512.)
- * 1021.1 Positive Allegation. When the household admits that a household member earns wages or salaries, the reviewer must determine the name of employer, the amount and frequency of earnings; and the type of employment (full-time, part-time, etc.).
- * For standard verification the reviewer must contact the employer or examine wage stubs or pay envelopes, if they cover the period of employment under review and there is no indication of other employment.

(1062 A)

- 2 The recalculation does not have to result in a change to the allotment. In order to be considered an interim change under this definition, the certification record must document that two things have occurred:
 - (a) Either a change is reported by the household, or the agency becomes aware of the change; and
 - (b) The eligibility worker has to act on the change, which includes the eligibility worker's documented decision that the change will not affect the household's allotment.

B Effective Date of a Certification, Recertification, or Interim Change. In determining whether to use procedures at 1063.1 or 1063.2, the QC reviewer needs to consider when a certification action became effective rather than when the action was taken. The following two examples illustrate the effective date:

- 1 The EW recertifies a household on April 25 for May through October. May is the first effective month of the certification action.
- 2 A household applies for benefits on September 10. On October 4, the EW certifies the household for September through December and issues benefits retroactively for September. Even though the certification action did not occur until October 4, the first effective month of the certification action is September, the month of initial certification.

The reviewer must use the following procedures to determine whether any variances exist. These procedures apply to both earned and unearned sources of fluctuating income.

*

1063.1 First and Second Effective Months of a Certification Action. If the sample month was the first or second effective month of an initial certification, a recertification, or an interim change, the reviewer

(1063.1)

- * must review income using the procedures in this section.
 - * This section must also be used for the third effective month if using procedures at 1063.2 would take the QC reviewer outside of the effective period of a certification action.
 - * In steps A and B below, QC must use converted income as appropriate.
- A Comparison I. Verify the sample month income. This income is used in the Comparison I allotment test at section 621. If the Comparison I allotment test results in an allotment difference greater than \$25 from the authorized allotment, proceed to B.
- * B Comparison II.
- 1 If necessary, correct the worksheet income figure at the time income from each source was last calculated for the allotment under review for misapplication of policy and computation errors by the eligibility worker, and for incorrect reporting by the household.
 - 2 Using 722, determine whether any changes occurred in the household's circumstances that should have been in effect as of the review date, excluding unreported/unprocessed income. If any change should have been in effect, use the change in the error determination. If there was no change that should have been in effect, use the eligibility worker's corrected figure in the error determination.

Example (1):

Certification Period:	March 1 through July 31
Sample Month:	March
Verified March Income:	\$925
Income on Worksheet:	\$890

The eligibility worker correctly added together eight weekly pay stubs from January and February and converted the income to \$890 monthly. The household correctly reported at the time of certification. The

(1063.1 B)

reviewer will use \$890 in the error determination process.

Example (2):

Certification Period:	March 1 through August 31
Sample Month:	March
Verified March Income:	\$1530
Income on Worksheet:	\$890

The eligibility worker added together biweekly pay stubs from January and February and converted the income to \$890 monthly. However, the QC reviewer discovered that the household actually received income weekly. The QC reviewer must correct the EW's figure by adding together the weekly pay stubs for January and February and converting. The corrected figure must be used in the error determination process. *

Example (3):

Certification Period:	January 1 through August 31
Sample Month:	June
Verified June Income:	\$870
Income on Worksheet:	\$903

The recipient was interviewed on January 2 and certified on January 15 with monthly income of \$560. On May 1, the recipient's employment changed from part-time to full-time. She received her first full-time pay check on May 7. She reported the change to the State agency on May 8 and provided verification that she could expect to work about 35 hours per week at \$6.00 per hour. On May 10 the State agency prepared a budget for June through August, based on monthly income of \$903 (\$6 x 35 x 4.3). The reviewer will use \$903 in the error determination process.

Example (4):

Certification Period:	June 1 through May 30
Sample Month:	August 1
Verified Income for August:	\$400
Income on Worksheet:	\$325

The State agency has a 12-day NOAA period; requires averaging at least two full months of income to determine a "best estimate of anticipated income; and requires reporting of actual changes of more than \$25 from the monthly average.

(1063.1 B)

Although August is the third effective month of a certification action, using procedures at 1063.2 would take the reviewer outside of the effective period of the certification action since the State agency has a 12-day NOAA (i.e., the first full month ending 32 days prior to the review date is May which is prior to certification.) Therefore, procedures at 1063.1 are used in reviewing income.

In certifying the household, the EW correctly averaged child support from April of \$300 and May of \$350 to compute a best estimate of \$325. On June 5, the household received its June child support payment of \$360 which was neither reported by the household nor processed by the State agency.

The QC reviewer determined that the change to \$360 must be included in the error determination since the household was aware of the change more than 32 days prior to the review date and the change exceeded the best estimate of \$325 by more than \$25. Based on certification policy, the QC reviewer determined one way to include this change was by averaging income from April, May and June $[(\$300 + \$350 + \$360) \div 3 = \$337]$. Thus, \$337 is used in determining the error amount. It should be noted that \$337 is used in the error determination even though it differs by less than \$25 from the corrected EW's figure.

1063.2 Third Effective Month or Later Following a Certification, Recertification, or Interim Change. If the sample month was the third effective month or later the reviewer must review the income using the procedures in this section. If the review date is such that the following procedures would take the QC reviewer outside of the effective period of a certification action, use section 1063.1. This will apply to most states for completion of March sample month cases and states with 10+ day notice of adverse action periods.

* In steps A and B below, QC must use converted income as appropriate.

A Comparison I. Verify the sample month income. This income is used in the Comparison I allotment test at section 621. If the Comparison I allotment test results in an allotment difference greater than \$25 from the authorized allotment, proceed to B.

*

(1063.3)

On February 7, the recipient is hired for a new job and does not report it. The change should have been reported by February 17 and been reflected in the April allotment. The April income of \$943 would be used in the error determination.

1064

Prospective Budgeting - Households With More Than One Type of Reported/Processed Income. This section is used for households with more than one type of reported/processed income, i.e., stable, fluctuating, analyzed or prorated income. This section must not be used for households with more than one source of the same type of income. *

The following is an example of a household with multiple sources of a single type of income: a household is certified with income from two different employers; both sources fluctuate. Even though there are two sources of income, there is only one type since both are fluctuating. Therefore, income in this example is reviewed using procedures at either 1063.1 or 1063.2 as appropriate.

In the event a household has more than one type of income, the reviewer must use the procedures in this section: *

In steps A and B below, QC must use converted income as appropriate. *

A Comparison I. To do the allotment comparison in section 621, verify the amount of each type of income received in the sample month, including any unreported/unprocessed income. All types of income must be added together. If the Comparison I allotment test results in an allotment difference greater than \$25 from the authorized allotment, proceed to B. *

B Comparison II.

1 The reviewer must correct the EW's income figures for any misapplication of policy and incorrect computation. This does not include adding in any figure to the EW's figure for any unreported/unprocessed sources of income. *

2

If the sample month is the first or second effective month of the certification action, the QC reviewer must use section 722 to determine whether any changes occurred in the household's circumstances that should have *

(1064 B 2)

been in effect as of the review date. If a change (other than unreported/unprocessed sources of income) should have been in effect, use the change in the error determination. If there was no change that should have been in effect, use the corrected eligibility worker's figure in the error determination. If there are any unreported/unprocessed changes in income sources, go to (5).

- 3 If the sample month is the third effective month or later following a certification action (if the review date is such that the following procedures would take the QC reviewer outside of the effective period of a certification action, use B(2) above), the reviewer must compare the verified sample month income (excluding unreported/unprocessed income sources) to the corrected EW's figure. If the two income figures vary by \$25 or less, the corrected EW's figures must be used in the error determination. If the two income figures vary by more than \$25, go to (4). If there are any unreported/unprocessed changes in income sources, go to (5).

- 4 If the two gross figures vary by more than \$25, the QC reviewer must verify the income amount reflecting the latest includable change. Section 1062 must be used to determine if a change in stable income should be included. Section 1065 must be used to determine if a change in annualized or prorated income should be included. Section 1063.2 must be used to determine if a change in fluctuating income should be included. Compare the verified total income figure to the corrected EW's income figure. If the income amount varies by \$25 or less from the corrected EW's figure, use the corrected EW's figure in the error determination process. If this amount varies by more than \$25 from the corrected EW's income figure, use this amount in the error determination process. If there are any unreported/unprocessed changes in income source, go to (5).

- 5 Section 722 must be used to determine if an unreported/unprocessed source of income

(1112)

A household was billed \$200 for rent each month of its certification period. A charity gave the household \$150 each month to help pay the rent. In calculating the shelter deduction, the household's rent was \$200. The \$150 was not an excluded vendor payment.

1113

Deductions Disallowed at Certification or Recertification. Normally, if a household was entitled to a deduction at the time of the most recent certification/recertification and did not receive it, the case has an included variance. There are three exceptions to this rule: *

- A The household reported the expense but chose not to receive the deduction; *
- B The State agency asked for verification, the household did not provide it, and the State agency certified the household without the deduction; or *
- C The household fails to report expenses at certification or recertification after the State agency has informed the household that such failure will result in the forfeiture of the right to a deduction. *

For A and B the reviewer must exclude these variances if the State agency documented the case record to show why the household did not receive the deduction for these reported expenses. The documentation must be dated between the household's application covering the sample month and the review date. *

For C, the reviewer must exclude these variances if the State agency documented the case record to show the statement informing the household of its right to claim the deduction. The document must be dated for the time of the certification action covering the sample month. Statements subsequent to the review date, by the State agency or by the household, must not be taken into account. *

Deductions disallowed at certification or recertification under one of the provisions listed above must be included in the error determination under certain unique circumstances. If the household, subsequent to the certification action but prior to the sample month (allowing for exclusionary time frames), reports and/or verifies the expense, and the State agency does not allow the deduction, the reviewer must identify an agency caused variance by including the deduction in the error determination. *

Examples:

1) A household indicated on its application at certification that it incurred shelter expenses of \$500 in rent. No utility expenses are reported. The eligibility worker (EW) certifies the household with only the \$500 rent used in the determination of the shelter deduction. The application contains a statement informing the household that they forfeit the right to deduction of household expenses if they fail to report the expense. The reviewer verified shelter expenses of \$500 rent, plus utilities. In completing the final review findings for the case the reviewer *

(1113)

would include only the rent, not the utilities, in the shelter deduction calculation. (Assuming no variances are found in any of the other elements of this review, this case would be completed as correct, no error.)

2) A household indicated on its application at certification that it did not incur any dependent care expenses. The EW noted in the casefile that the client was informed at the certification interview that they forfeit the right to deduction of household expenses if they fail to report the expense. The reviewer verified dependent care expenses of \$350. In completing the final review findings for the case the reviewer would not include a dependent care deduction in the calculation. (Assuming no variances are found in any of the other elements of this review, this case would be completed as correct, no error.)

3) A household stated at certification that it made court ordered child support payments of \$400 monthly. The EW did not allow a child support deduction, and documented no explanation in the casefile as to why the deduction was not allowed. The reviewer verified the court ordered child support payments of \$400 monthly. In completing the final review findings for the case the reviewer would include a child support deduction of \$400 in the calculation. (In the absence of any offsetting variances found in other elements of this review, this case would be completed as containing an underissuance.)

4) A household indicated on its application at certification that it incurred no shelter expenses. The application contains a statement informing the household that they forfeit the right to deduction of household expenses if they fail to report the expense. The reviewer verified that shelter expenses of \$400 in rent and utilities which entitled the household to the SUA existed at the time of certification. The reviewer further verified that the household moved two months after certification and failed to report the move. The move occurred three months prior to the QC sample month and the reviewer verified that the shelter expenses in the new home included \$300 in rent and utilities which entitled the household to the SUA. Because this policy affects only certification or recertification actions, and not the requirement to report moves occurring after certification, in completing the final review findings for the case the reviewer would include the rent of \$300 plus the SUA from the unreported move in the shelter deduction calculation. (In the absence of any offsetting variances found in other elements of this review, this case would be completed as containing an underissuance.)

1114 Special Treatment of Variances. The reviewer can handle most variances by referring to the procedures in Chapter 7 for including and excluding variances. There are, particular aspects of the deductions which require special treatment. These aspects are handled under the subject "special treatment of variances" which appears under the dependent care, shelter, and medical headings.

1120 EARNED INCOME DEDUCTION - 321. The earned income deduction is always 20% of the household's total earned income, after excluding the costs of doing business of

(1120)

self-employment enterprises. The total earned income amount appears on line 13 of the computation sheet.

Examples:

\$763 total earned income	763 total earned income
x.20 deductible percentage	-153 deductible amount
\$153 deductible amount	\$610 earned income minus (EID)

OR

\$763 total earned income
x.80 non-deductible percentage
\$610 earned income minus earned income deduction

- 1120.1 Documentation. Documentation (other than on the computation sheet) is necessary only if there was a variance in amount. If there was such a variance, the reviewer must explain the mistake in policy or in arithmetic.
- 1120.2 Verification. Verification of the earned income deduction is not necessary, since the amount of the deduction depends totally upon verified earned income.
- 1130 DEPENDENT CARE DEDUCTION - 323. A household is entitled to the dependent care deduction if it incurs out-of-pocket costs for the care of a dependent because such care is necessary for a household member to:

- A Accept employment;
- B Continue employment;
- C Seek employment in compliance with job search;
- D Make an effort equivalent to job search if not subject to job search; or
- E Attend training or to pursue education which is preparatory to employment.

NOTE: If an expense is both a dependent care expense and a medical expense, the reviewer must consider the cost as a medical expense.

- 1130.1 Deductible Expenses. A household may deduct the amount of the dependent care expense for which they must compensate the person who provides the care. In-kind benefits, like meals and lodging, are not deductible expenses. The reviewer will convert or prorate expenses as appropriate.

NOTE: Deductions are governed by certification policy.

- 1130.2 Documentation. The reviewer must document:

- A Who received the dependent care;
- B Who provided the dependent care;
- C Why the household was entitled to a deduction;
- D The amount of the dependent care cost in the appropriate month or months;

(1130.2)

- E The time periods covered by dependent care expenses;
- F The type of verification obtained; and
- G The nature of any variances.

1130.3 Standard Verification.

- A Bills for such costs from the appropriate month or months; or
- B A statement from the provider concerning the appropriate month(s) and the amount(s).

1130.4 Special Treatment of Variances. This section provides the instructions on special handling of the dependent care deduction.

- A Expenses Not Reported at Certification/Recertification. If the household failed to report a dependent care expense at certification and a dependent care expense existed for the budget month, the reviewer will determine the error by using the amount of the expense at the time of certification.

If the household failed to report a periodic or annual expense at certification and the expense existed for the budget month, the reviewer will prorate the bill over the interval between billings. The reviewer will then use the amount prorated for the time of certification.

Example: At certification, the household failed to report a \$500 quarterly dependent care expense. In January, the household was billed \$500 which covered January, February and March. The budget month is March. The household failed to report the expense at certification and the expense existed for the budget month. Therefore, the reviewer will prorate the expense over the interval between billings and use the amount of the expense prorated for the time of certification.

- B Change Reporting and Unreported Changes Subsequent to Certification/Recertification. A change reporting household is not required to report changes in its dependent care costs. Therefore, if the reviewer can attribute a variance to an unreported change subsequent to certification, the reviewer will exclude the variance.

Example: A household correctly reported and received a deduction for \$100 in monthly dependent care costs for a three month old child. Halfway through its certification period, on May 14th, the household learned that its costs would drop to \$80 monthly. The household reported the change to the local food stamp office, which did not adjust the allotment. On July 20th, the household's dependent care costs dropped again to \$60 monthly but the household did not report the change. The reviewer verified \$60 in monthly dependent care costs for the sample month/budget month of September, (change reporting, prospective eligibility and budgeting). The reviewer would exclude this variance because the household was

- 1180 CHILD SUPPORT PAYMENT DEDUCTION - 366. A household is entitled to the child support payment deduction if it incurs legally binding costs for any child support payments made to a non-household member for the care of a child. This includes legally obligated vendor payments made to a third party on behalf of a child. Voluntary support payments are not deductible. **
- 1180.1 Documentation. The reviewer must document:
- A Who is legally obligated to pay child support;
 - B The amount, and payment schedule, that the household member is legally obligated to pay;
 - C Who received the child support payments;
 - D Who actually provided the child support payments;
 - E Why the household was entitled to a deduction;
 - F How much the child support payments were in the appropriate month or months subject to review;
 - G The time periods covered by child support payments which were made;
 - H The type of verification obtained; and
 - I The nature of any variances.
- 1180.2 Verification. The reviewer must verify the household's legal obligation to pay child support, the amount of the obligation and the amount actually paid. The primary source of verification for declared child support payments is the household making the contribution. When support payments are made through a third party, such as a court or probation office, verification can be made through that agency. Verification can also be made through the person, or persons, in receipt of the child support payments. The reviewer must be alert to the effect of timing and amount of payment relative to the review date. *

(1180.2)

Child support payments should be verified through use of the following documentation:

- A From the Household. Documents or other records generally available from the household include cancelled checks; wage withholding statements; income tax returns; divorce or separation decrees; court orders; support agreements; or correspondence regarding support payments.
- B From Other Sources. Documents or other records available from other sources for verification include statements from the custodial parent; court records; lawyer's records; divorce or separation decrees; employer's records showing attachment of wages; and Title IV-D and Child Support Enforcement agencies.

* 1180.3 Calculation of the Child Support Deductions. The reviewer must review child support deductions as follows:

- A Comparison I. Verify the actual amount of the child support payment in the budget month. Convert if required. This figure is used in the comparison I allotment test. (See section 621.)
- B Comparison II.
 - 1 If necessary, correct the worksheet expense figure for misapplication of policy, failure to act or correctly act on reported changes and computational errors by the eligibility worker, and for incorrect reporting or failure to report at the time of certification or recertification by the household.
 - 2 Exclude variances attributable to an unreported change subsequent to certification/recertification.
 - 3 Use the corrected worksheet figure in the error determination process.

Example: During its certification interview, a household reports a monthly child support payment in the amount of \$150. In addition to the \$150 monthly payment, the EW allowed a deduction for a payment in the amount of \$25 to a day care center. The reviewer verified that the household was legally obligated and

CHAPTER 12

MAKING THE REVIEW DECISION

- 1200 GENERAL. The review decision consists of determining whether there is an error in the case and, if so, the dollar amount of the error. The State agency may also opt to establish the dollar error amount associated with individual variances. The procedures to be used and the documentation requirements are described in this chapter.
- 1210 THE COMPUTATION SHEET. The food stamp computation sheet of the Form FNS-380, is to be used to document all completed active case reviews. The only exceptions are reviews of households that were ineligible for reasons other than income. Columns (1) and (2) are required to be completed, whereas Columns (3), (4), and (5) are optional. Regardless of the use of columns (3), (4), and (5), Columns (1) and (2) must be used as outlined in sections 1211 and 1212 below. *
- 1211 Column (1). Column (1) of the computation sheet must be completed for all active case reviews. In this column, record the figures that the eligibility worker used to compute the allotment for the sample month.
- 1212 Column (2). Column (2) of the computation sheet must be completed for all active case reviews. If the household was ineligible because of gross or net income, the reviewer may stop at the appropriate income line. In this column, record the final State agency quality control (SAQC) determination figures. The figures to use as final SAQC determination figures depend upon the results of the Eligibility and Allotment Tests of the Error Determination Process. See the guidance below and consult Chapter 6.
- 1212.1 In the three cases below, the figures to use for final SAQC figures in Column (2) are the figures based upon verified circumstances, including or excluding variances as appropriate.
- Case 1: ELIGIBILITY TEST = Ineligible
 ALLOTMENT TEST = N/A
 (See section 610)

(1212.1)

Case 2: ELIGIBILITY TEST = Eligible
 ALLOTMENT TEST:
 COMPARISON I = \$25 or less difference in
 allotment

*

COMPARISON II = N/A
 (See section 621.3)

Case 3: ELIGIBILITY TEST = Eligible
 ALLOTMENT TEST:
 COMPARISON I = Greater than \$25 difference
 in allotments
 COMPARISON II = Greater than \$25 difference
 in allotments
 (See section 622.4)

*

*

1212.2 In the one case below, the figures to use as final SAQC figures in Column (2) are the figures based upon verified circumstances, including all variances. No variances are to be excluded.

Case 4: ELIGIBILITY TEST = Eligible
 ALLOTMENT TEST:
 COMPARISON I = Greater than \$25 difference
 in allotments
 COMPARISON II = \$25 or less difference in
 allotments
 (See section 622.3)

*

*

1213 Columns (3), (4), and (5). Columns (3), (4), and (5) of the computation sheet are optional columns. They are included for the convenience of States and may be used for recording Comparisons I and II, for illustrating the impacts of individual variances, for reflecting a retrospectively budgeted household's prospective eligibility, or for any other purpose.

1220 COMPUTING THE AMOUNT ISSUED IN ERROR. The amount issued in error is the difference between the allotment amount authorized by the eligibility worker for issuance for the sample month (last line of Column (1) of the food stamp computation sheet) and the allotment amount computed by the SAQC reviewer (last line of Column (2) of the food stamp computation sheet), except that cases with differences of \$25 or less are not considered to be in error. The amount issued in error is either an overissuance or an underissuance.

*

* 1230 THE REVIEW SCHEDULE. The Review Schedule Form FNS-380-1 is to be used to record error findings from all reviews of active cases. A line-by-line description of

(1230)

this form is contained in the Food Stamp Quality Control Data Processing Coding Manual. For purposes of this chapter, the completion of items 7, 8, and 72 of the FNS-380-1 are described below.

*

1231 Coding Review Findings - Item 7. For Item 7 of the FNS-380-1, indicate the case status and any type of error (issuance or eligibility) by entering one of the following codes:

*

<u>CODE</u>	<u>DESCRIPTION</u>
1	Amount correct
2	Overissuance
3	Underissuance
4	Totally ineligible

As an example, the cases illustrated in section 1212 above would be coded as follows:

<u>CASE</u>	<u>CODE</u>
1	4
2	1
3	2 or 3, as appropriate
4	1

1232 Amount of Error - Item 8. For Item 8 of the FNS-380-1, indicate the dollar amount issued in error, computed as in section 1220 above. As an example, the cases illustrated in section 1212 above would be handled as follows:

*

<u>CASE</u>	<u>DOLLAR AMOUNT ISSUED IN ERROR</u>
1	Entire amount issued was issued in error
2	\$0, no error
3	Difference between allotment amounts (always greater than \$25)
4	\$0, no error

*

1233 Coding the Dollar Amount Associated With Variances - Item 72.

1233.1 Mandatory Use. All State agencies must compute and enter the dollar amount associated with excluded variances that resulted from correctly processed

(1233.1)

information received from an automated Federal information exchange (FIX) system. The State agency will use the method in section 1233.2 A when there is only one variance in the case. When there is more than one variance, the State agency may use the simple calculation method in section 1233.2 B (1) or an alternate method to determine the dollar amount of the errors. The State agency may not use the refined calculations in section 1233.2 B (2).

1233.2 Optional Use. At its option the State agency may elect to code the dollar error amount associated with individual included variances. The dollar amount of all included variances is reported as a total in Item 8. For those State agencies electing to code the dollar error amount associated with individual variances, the following guidance is offered:

A One Variance. If only one variance exists in the case, the dollar amount of error to be recorded in Item 72 is the same as the amount recorded in Item 8. (See section 1232.) No further calculations are necessary. Complete the other items in section VI of the Form FNS-380-1, as appropriate.

*

B Multiple Variances. If more than one variance exists in the case, the dollar amount of error to be recorded in Item 72 must be calculated for each variance. Use the food stamp computation sheet, Columns 3, 4, or 5, and one of the methods below (or another method) to determine the impact (dollar amount of error) attributable to each individual variance. If the case has more than 3 variances, or if additional columns are needed for some other reason, use additional computation sheets. After the individual impacts are determined, complete the items in section VI of the Form FNS-380-1, as appropriate.

*

1 Simple Calculation Method.

- (a) For each variance under examination, complete a separate column of the food stamp computation worksheet.
 - (i) At the top of the column, identify the variance being examined.
 - (ii) Use the EW's figures for all elements, except the element

CHAPTER 14

INFORMAL RESOLUTION AND ARBITRATION

1400 INFORMAL RESOLUTION AND ARBITRATION.

1410 INFORMAL RESOLUTION. Informal resolution is a process which provides an avenue for States to challenge what they believe to be incorrect Federal findings. This is not a process of negotiation or compromise between the Federal and State agencies.

Informal resolution can only begin after the Federal findings for a case are **transmitted** to a State agency and the State expresses its wish to challenge those findings. States can accomplish such a challenge through phone calls, data faxes, etc. In any case, when contacted by the State, the FNS regional office should make every effort to explore the State's contention as quickly as possible.

If, through informal resolution, the State agency and FNS regional office agree to a modified Federal finding prior to the 20-day deadline for requesting arbitration of the original finding, the new finding must be transmitted to the State agency. In such circumstances the State agency retains the right to request arbitration of the new Federal finding, if they are in disagreement with the new finding.

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NOTE: Informal resolution can be continued up to the regulatory time limit for requesting arbitration. However, the onset or continuance of informal resolution does not postpone the 20-day time limit for requesting arbitration. Informal resolution may continue until the disagreement is resolved or until arbitration is requested or until the 20-day time limit for requesting arbitration expires, whichever is earlier.

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1420 ARBITRATION. The purpose of the arbitration process is to resolve disagreements between the State agency and the FNS regional office concerning individual QC case findings and the appropriateness of actions taken to dispose of an individual case. The following are circumstances that are subject to arbitration:

A Disagree cases (where the Federal findings disagreed with the State agency's findings).

(1420)

- B Cases where the FNS regional office disagreed with the State agency's disposition of the cases, including disputes over whether a case is subject to review or incomplete.
- C Cases where the application of policy in a particular QC case impacts the difference in a disposition/finding.

Established policy, and comments on or coding of procedural deficiencies that do not impact the findings/disposition are not subject to arbitration.

Agree cases are not subject to arbitration. These cases can be discussed through the informal resolution process. If, as a result of informal resolution, the State and the FNS regional office decide the previously issued agree findings no longer apply (e.g., because the State found new information about the case), the regional office will issue a new letter disagreeing with the State's original findings. This disagree case is subject to arbitration.

Arbitration is a one-tier process. The State agency appeals to the FSP Quality Control Arbitrator if the State agency does not agree with the regional office findings.

Arbitration is limited to an examination of specific issues supporting the findings or disposition being challenged. However, the arbitrator cannot ignore any mathematical errors on the computation sheet that are discovered during the review of the case. The impact of the mathematical errors must be included in the final benefit calculation.

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1421 Documentation. It is the responsibility of the State agency to include all the necessary documentation to support its position when it submits a case for arbitration. Failure to include a single important piece of information could result in an adverse decision. The documentation may include, but is not necessarily limited to:

- A A copy of the FNS-380, FNS-380-1, attachments to the FNS-380, the region's finding, and subsequent correspondence from the FNS regional office related to the finding;

(1421)

- B Options selected such as budgeting TANF prospectively in a retrospectively budgeted system;
- C The existence and provisions of all waivers applicable to the case circumstances, including the approval, implementation dates, and expiration dates;
- D Applicable State policies including implementation dates, e.g., pages of the State manual indicating the conversion method selected, applicable standard utility allowance(s);
- E Written policy interpretations provided by FNS and the date provided to the State agency;
- F A clear record of all actions taken by the reviewer to try to complete a case, e.g., documentation showing the reviewer checked for personal property, that the household was contacted to clarify any disputed information;
- G Appropriate verification and adequate documentation of every aspect of the household's circumstances; and
- H Legible copies of all case record material (a half cut-off copy of a court record on child support payments that is not identifiable cannot be considered by the arbitrator).

If the arbitrator needs additional information, it is the arbitrator's prerogative to request the needed information from whichever party the information is needed. In the decision to the State agency, the arbitrator will explain the rationale for the decision, addressing each particular issue that was involved in the decision.

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1422 Entitlement to Arbitration. Each time the Federal reviewer reports a disposition/finding in a case to the State agency which disagrees with the State's original finding/disposition, the State agency has a right to request arbitration. A State agency must request arbitration within 20 days of receipt of the regional findings letter. The first day of the 20-day period begins with the day after the day the State agency receives the findings. For example, the State agency receives the findings letter on June 8, then June 9 is

(1422)

the first day of the 20-day period. The postmark on the State agency's request will be used to determine whether a request was submitted timely.

Examples: The regional findings were issued to the State agency on March 4 and received by the State agency on March 8. The case is a disagree case. The State agency's request for arbitration is postmarked April 11. This case is not subject to arbitration as it was submitted late.

The regional findings were issued to the State agency on February 27 and received by the State agency on March 1. The case is a disagree case. On March 15, (postmark) the State agency requested arbitration. This case is subject to arbitration.

The regional findings were received by the State agency on March 1. The FNS regional office agreed with the State agency findings. On April 5 the State agency requested arbitration based on new information disputing its initial findings. The regional office had issued a new letter on March 20 disagreeing with the State's original findings. This case is subject to arbitration.

1430 FOOD STAMP PROGRAM QUALITY CONTROL ARBITRATION.

1431 General. Food Stamp Program quality control arbitration is the final level in the process of resolving differences in the disposition and findings of cases within the program. As such, when the arbitrator makes a determination, that decision is final. Because of the finality of arbitration, it is very important that the case record be complete when the case is submitted.

* 1432 Quality Control Arbitrator. This individual must not be a QC reviewer, oversee QC reviewers, or in any way be directly involved in the validation effort.

* 1433 Quality Control Arbitration Procedures. The State agency will have 20 days from the date of the receipt of the regional findings letter to request arbitration of a disagree case. If the last day of the period falls on a Saturday, Sunday, or Federal or State holiday, the 20-day time frame runs to the end of the next work day. Requests for arbitration must be sent directly to the quality control arbitrator:

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FSP Quality Control Arbitrator
 USDA, Food and Nutrition Service
 Food Stamp Program
 3101 Park Center Drive
 Alexandria, VA 22302

The State agency must notify the appropriate FNS regional office when arbitration is being requested. The arbitration request should include all appropriate documentation as specified in section 1421 of this chapter. However, additional information may be submitted after the request, provided it is submitted within the 20-day time frame for requesting arbitration.

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The arbitrator may request additional information from the State agency whenever necessary. The arbitrator will notify the State agency of the decision, explaining the rationale for the decision.

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HANDLING CASE FINDINGS. In determining State agency error rates, the FNS regional office must use the results of its review unless the arbitrator decides in favor of the State agency or an alternate finding. Once the arbitrator's decision has been made, the FNS regional office will make any changes necessary to the State and/or regional disposition or findings.

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